

**FREEDOM OF INFORMATION
AND
PRIVACY ACTS**

SUBJECT: (COINTELPRO)

WHITE HATE GROUPS

SUB 8

SECTION 4

157-9



FEDERAL BUREAU OF INVESTIGATION

NOTICE

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UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (157-9-8)

DATE: 6/30/70

FROM : SAC, CHARLOTTE (157-281) (D)

SUBJECT: COUNTERINTELLIGENCE PROGRAM
TO DISRUPTION OF HATE GROUPS
~~UNITED KLANNS OF AMERICA, INC., USA~~
~~KNIGHTS OF THE KU KLUX KLAN~~
~~CHARLOTTE DIVISION~~

Re Charlotte letter to Bureau, 3/30/70; Charlotte airtel to Bureau, 6/15/70; and Bureau airtel to Charlotte, 6/23/70.

QUARTERLY PROGRESS LETTER

Set forth below is current information concerning the counterintelligence program being directed toward the captioned organization:

National Klomokation of UMA,
Salisbury, N. C., 6/27-28/70

Referenced Charlotte airtel set forth counterintelligence recommendations, and referenced Bureau airtel authorized certain counterintelligence techniques to be used in connection with the National Klomokation.

In accordance with the recommendations and authorization granted, the following action was accomplished:

b7C
(1) Undated letter on the letterhead of North Carolina Faculty of UMA, bearing the signature of North Carolina [REDACTED] and setting forth the fact that the National Klomokation was to be held on the college campus, was forwarded anonymously by mail to one member of the Board of Trustees of Catawba College, Salisbury, N. C., who resided

157-9-8- 166

(2) Bureau (RM) (Enc. 1)
2 - Charlotte

REC-36

DE-28

GCK: hq
(4)

REG'D. 6/30/70
SAC, CHARLOTTE, N.C.

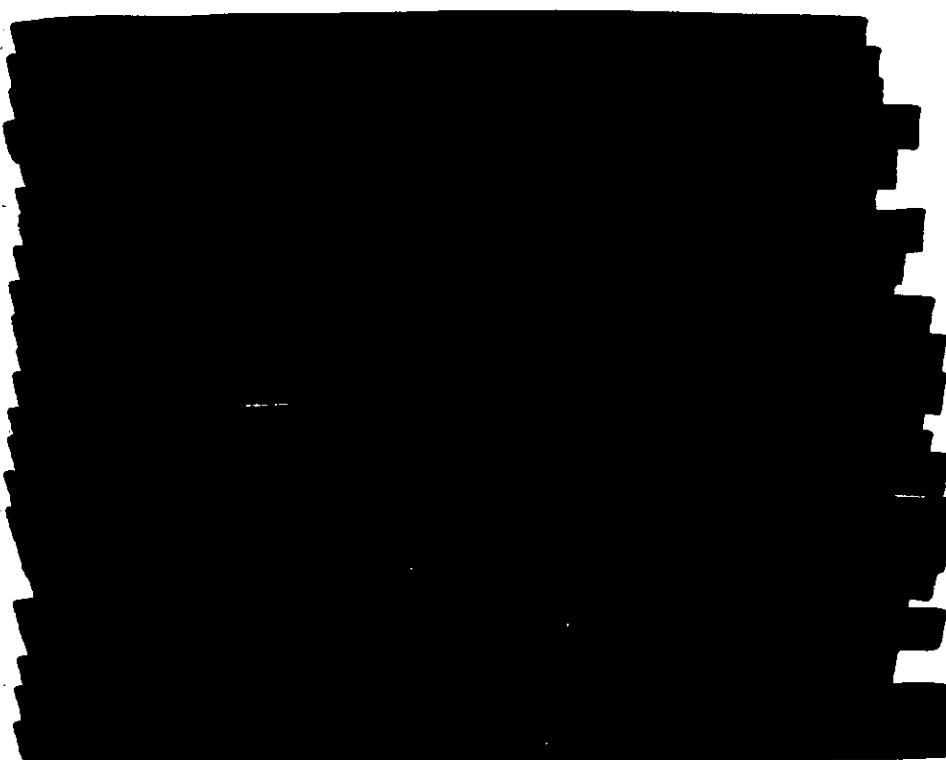
CE 157-281

within the State of North Carolina. Four of the trustees resided outside the State of North Carolina and they were not included in the mailing. The identities of the trustees who were mailed such notice are as follows:

Name

City

b7c



Following this mailing and allowing sufficient time for delivery, anonymous telephone calls critical in nature of the college furnishing facilities to the Klan for its National Klavernation were made to the following officers and members of the Board of Trustees of Catawba College:



(2) Information concerning the National Klavokation was furnished to reliable news sources at the "Salisbury Post", Salisbury, N. C., and at the "Charlotte Observer", Charlotte, N. C., the latter giving coverage throughout the State of North Carolina. These articles were timed to appear a day or so before the Klavokation so as not to give notification to a large number of klansmen who may not have been intending to attend the Klavokation. The articles were used merely as a basis for the anonymous calls subsequently made to the abovementioned individuals.

(3) Anonymous telephone calls were made to the Reservations Clerk at the Howard Johnson and Valley Courts motels, Salisbury, N. C., and reservations for individuals were cancelled. These were primarily a group of men coming to the Klavokation from Philadelphia who had reservations in the name of [REDACTED] and involved six to eight rooms with two to three men per room. It is felt that these individuals in all probability were able to relocate or obtain space but we believe this added to the aggravation.

While it is too early to evaluate the full effect of these activities.

[REDACTED]

Recommendations for Possible Future Action

The Charlotte Division recommends Bureau consideration for the following possible counterintelligence techniques:

(1) In reference to the lottery which the automobile of Imperial Wizard ROBERT SUBJECT was raffled off and subsequently won by [REDACTED] it is recommended that consideration be given to furnishing local FBI agents information concerning the lottery, the amount of money allegedly received by the Klan as a result of the lottery, and the identity of the subsequent winner of the car with the purpose of having [REDACTED] enquire regarding deferring the car under taxable income as a "prize". There

CE 157-281

Has been some dissension in the past among klansmen to indicate that the lottery may have been "fixed", and it is felt that additional questioning or bringing the matter back into the klansmen's discussions would have a disruptive effect from a financial support standpoint at this time.

(2) At the recent National Klavernokation in Salisbury, a resolution was passed which will assess each Klavern \$200 and is to be placed in the National Defense Fund in an effort to build this fund up to \$250,000.

In this connection, it is recommended that Charlotte be authorized to arrange for wide distribution throughout North Carolina a copy of a news article and comments [redacted]

b7C b7D [redacted] Comments relate to ALTHUR HANES as being paid \$12,500 and whether he was actually paid or whether this was a fraudulent scheme by the National and North Carolina state Klan officers.

A copy of this article is enclosed for the Bureau, and it is felt that this wide distribution throughout the Klan may further serve to discourage contributions to the National Defense Fund.

The Bureau is requested to consider the above recommendations, and Charlotte will keep the Bureau advised regarding any additional opportunities for counterintelligence action. Charlotte will take no counterintelligence action without prior Bureau approval.

3 Klansmen, 12 Negroes Refused Court Appeals

RALEIGH 4—The North Carolina Court of Appeals has refused because of late filing to consider the appeal of three members of the United Klans of America convicted of inciting to riot.

In other case, also from Hyde County in the eastern part of the state but unrelated, the court refused to overturn the sentences of 12 young Negroes convicted of disrupting a county school during racial disturbances in 1968.

THE DECISIONS were handed down yesterday along with 62 others in what a court spokesman described as the largest group of opinions by the

nine-member court in its three-year history.

The court refused to consider the appeal of the admitted Klansmen because it said the case record was filed 12 days late.

The Klansmen—L. E. Daugherty, Jesse Matthews and James Scott—were convicted of inciting to riot and provoking breach of the peace during a Klan rally July 4, 1969, near the Hyde County community of Middletown. All three received suspended sentences.

Evidence at the trial showed that part of the Klan rally included the playing over a loud-speaker system of records containing songs and jokes insulting to the black race. The recordings could be heard for more than a mile, and Negroes converged on the rally site.

A gunfight broke out in which a Negro girl was shot in the leg and two highway patrolmen were slightly wounded.

In the other Hyde County case, the 12 youths were originally tried in state District Court, where they all received suspended four month sentences and \$100 fines.

They appealed to Hyde Superior Court, were again convicted and were sentenced to 12 months in prison.

Attorneys appealed on the ground that it was unconstitutional for the 12 to receive a more severe sentence in a second trial than in the first.

SPEAKING for the court yesterday, Associate Judge Hugh Campbell wrote: "It is settled law in North Carolina that imposition of a greater

sentence in superior court upon trial de novo (new trial) than was imposed in district court is constitutionally permissible."

The 12 are Larry Midgett, Bradley Johnson, Bonnie Blount, Martin Collins, Lonnie Gibbs, Van Gibbs, Henry Johnson, Sammy Bryant, Felton Gibbs, Van Gibbs, Henry John-Coward and Benjamin Phelps.

They were convicted of entering the predominantly Negro O. A. Peay School near Swan Quarter on Dec. 5, 1968, of locking the principal's secretary out of her office and destroying school property.

The youths were protesting a federally approved desegregation plan which would have closed the Peay School and another black school in the county and transferred all students to mostly white Mattamuskeet School.

~~School Districts Talking Over Plans With HEW~~

RALEIGH 2—Officials of the Department of Health,

~~Firemen's Jobs Going To Others~~

RAPID CITY, S.D. 6—
Unionized firemen signed

We Service All Makes
of
BOILERED AIR FURNACES

WHAT HAPPENED TO THE \$12,500.00
LAWYER? DID HE REALLY GET
\$12,500.00? OR WAS THIS A
BIG FRAUD?

157-9-8-166 Enclosure

5

ROUTE IN ENVELOPE

SAC, Charlotte (157-281)

7/15/70

SI-112
Director, FBI (157-9-8)-166

1 - Mr. J. G. Deegan

COUNTERINTELLIGENCE PROGRAM
IS - DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

Reurlet dated 6/30/70.

In connection with your positive recommendations made in relet your attention is directed to Bureau letter dated 9/2/64 captioned "Counterintelligence, Internal Security, Disruption of Hate Groups."

The above Bureau letter set forth the requirement that quarterly letters concerning the Counterintelligence Program be submitted and also stated that recommendations for counterintelligence action should not be included in these quarterly letters.

Accordingly, the recommendations set forth in your letter of 6/30/70 should be resubmitted along with additional details.

The details should include the following:

1. Information in your files as to whether Internal Revenue Service was ever furnished information concerning the lottery conducted by the United Klans of America.

2. Information in your files as to whether [REDACTED] ever included in his income tax return the fact that he won the lottery conducted by the Klan. 157-9-8-166

3. Specific details as to how discussions concerning the lottery among klansmen would bring about a disruptive effect from a financial support standpoint at this time.

JGD:rmm (4)

SEE NOTE 1 PAGE TWO

6

Letter to SAC, Charlotte
RE: COUNTERINTELLIGENCE PROGRAM
157-9-8

The above information should be submitted under a separate counterintelligence caption and for your future guidance all counterintelligence proposals should be submitted under separate caption.

NOTE:

Charlotte Division in connection with their quarterly progress letter submitted specific counterintelligence proposals. In order to handle these proposals additional details are required.

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (157-9-8)

FROM : SAC, CHARLOTTE (157-281) (P)

DATE: 7/29/70

SUBJECT: COUNTERINTELLIGENCE PROGRAM
IS - DISRUPTION OF HATE GROUPS
UNITED KLANNS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

USA

Re Charlotte letter to Bureau, 6/30/70, and
Bureau letter to Charlotte, 7/15/70.

Recommendation For Counterintelligence Action

(1) At the time the automobile of Imperial Wizard ROBERT SHELTON was raffled off many klansmen expressed the feeling that the raffle had been "fixed". This feeling arose from the fact that the winner of the automobile [REDACTED]

[REDACTED] During this time there were also rumors prevalent among klansmen concerning a statement by [REDACTED] that he had "paid" \$1,000 for the automobile. Following this there were reports that [REDACTED] had met with an attempt to resolve the fact that [REDACTED] had actually "won" the automobile. Many of the klansmen were never completely satisfied with the explanations furnished by [REDACTED] and other Klan officers concerning this particular raffle.

b7c
It is recommended that consideration be given to furnishing local IRS agents information concerning this raffle, as well as the amount of money allegedly received by the Klan as a result of the raffle, which was reported at the recent National Klonvokation. IRS should also be furnished the name of [REDACTED] as the winner with IRS to ascertain whether the "prize" was reported by [REDACTED] on his income tax forms.

REC 83

157-9-8-167

DE-28

1 AUG 3 1970

2 - Bureau (FM)
2 - Charlotte

GCK:jho
(4) -

RESEARCH SECTION
FBI - CHARLOTTE



CE 167-281

It is believed that in the event it is shown that [REDACTED] did not report the automobile as a "prize" his allegation will probably be that he bought the automobile in his normal course of business, inasmuch as [REDACTED]. Should this occur it is felt that considerable dissension could be created by publicizing through leaflets or other means to the UKA membership generally that the raffle for the Imperial Wizard's automobile was a fraud. This should deter members from participating in future raffles and other fund raising activities put forward by the Klan.

IRS has never been furnished information concerning the raffle of the Imperial Wizard's automobile, and it is not known whether [REDACTED] ever included in his income tax return the fact that he won the automobile in the raffle.

It is felt that such actions, if successful, would impair greatly future attempts by the Klan to raise money through lotteries or raffles.

(2) At the recent National Klavokation in Salisbury, a resolution was passed which will assess each Klavern \$200 and is to be placed in the National Defense Fund in an effort to build this fund up to \$250,000.

In this connection, it is recommended that Charlotte be authorized to arrange for wide distribution throughout North Carolina a copy of a news article and [REDACTED].

[REDACTED] Comments relate to ARTHUR HANES as being paid \$12,500 and whether he was actually paid or whether this was a fraudulent scheme by the National and North Carolina state klan officers.

A copy of this article was furnished the Bureau in referenced Charlotte letter, and it is felt that this wide distribution throughout the Klan may further serve to discourage contributions to the National Defense Fund.

The Bureau is requested to consider the above recommendations, and Charlotte will keep the Bureau advised regarding any additional opportunities for counterintelligence action. Charlotte will take no counterintelligence action without prior Bureau approval.

ROUTED IN ENVELOPE

SAC, Charlotte (157-281)

8-12-70

REC-124 Director, FBI (157-9-8)-167

1 - Mr. J. V. Walsh
1 - Mr. J. G. Deegan

SK-124
COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN,
CHARLOTTE DIVISION)
RACIAL MATTERS

Reurlet dated 7-29-70.

Authority is granted for you to advise IRS locally the information concerning the Klan raffle referred to in referenced letter as well as the amount of money allegedly received by the Klan as a result of the raffle. You are also authorized to furnish the name of [REDACTED] to IRS as the winner of the Klan raffle.

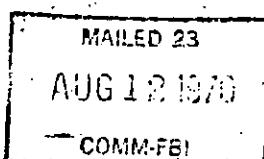
b7C
b7D
In addition, you are authorized to arrange for distribution throughout North Carolina a copy of a news article and comments which have been [REDACTED] referred to in referenced letter. Ensure the distribution of the news article is done in such a way that it cannot be traced to the Bureau. Keep Bureau advised of pertinent developments.

JGD:bad
(5)

157-9-8-167

SEE NOTE PAGE TWO

Wilson _____
Sullivan _____
Mohr _____
Shelby _____
Sullivan, C.D. _____
Callahan _____
Jasper _____
Conrad _____
Roth _____
Tide _____
Green _____
Lavel _____
Haffers _____
Soyars _____
L.S. Root _____
Jones _____



157-11970 MAIL ROOM - TELETYPE UNIT

10

Letter to SAC, Charlotte
RE: COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN,
CHARLOTTE DIVISION)

157-9-8

NOTE:

for his automobile. While Robert Shelton was in jail the Klan had a raffle advised of the exact amount of money the Klan made as well as the winner so that IRS can conduct appropriate investigation in this matter. Charlotte also stated there has been some dissension in the past among klansmen to indicate that the lottery may have been "fixed" and it is felt that additional questioning or bringing the matter back into the klansmen's discussions would have a disruptive effect from a financial support standpoint. In addition, at the recent National Klan Convocation it was passed that every klavern would be assessed \$200. [REDACTED] a former leader in the United Klans of America, has broken away and has alleged that there has been mishandling of Klan funds. He further alleged that in connection with a \$12,500 payment to an attorney that this was a fraudulent scheme by the National and North Carolina State Klan officers. [REDACTED] in connection with a newspaper article printed the following on this article, "What happened to the \$12,500 lawyer? Did he really get \$12,500 or was this a big fraud?" Charlotte recommended anonymous mailing of this newspaper article with Bryant's comments in order to bring about further dissension within the Klan ranks.

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (157-9-8)

DATE: 10/5/70

FROM : SAC, CHARLOTTE (157-281) (P)

SUBJECT: COUNTERINTELLIGENCE PROGRAM
IS - DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

Re Charlotte letters to Bureau dated 6/30/70, 7/29/70,
and 9/30/70.

QUARTERLY PROGRESS LETTER

Set forth below is current information concerning
the counterintelligence program being directed towards the
captioned organization:

National Klonovalation of UKA,
Salisbury, N. C., 6/27-28/70

Referenced communication of July 29, 1970, requested
that Bureau authority to furnish local IRS Office with
information concerning the raffle in which the automobile
or Imperial Wizard SHELTON was won by [REDACTED]

DE-28 REC-30

157-9-8-168

b7c
Bureau letter to Charlotte dated 8/12/70 granted
authority for furnishing such information to IRS, and this
was done by furnishing detailed information to [REDACTED]
IRS, Charlotte, N. C.

1: OCT 6 1970

[REDACTED] stated that his office would request the
pertinent tax returns of [REDACTED] and ascertain whether [REDACTED]
reflected his winning the automobile on his tax return. Once
it is ascertained whether [REDACTED] recorded this as a prize or
whether he recorded it as an out-right purchase, it can then
be determined what further counterintelligence action to take
regarding the general Klan membership.

58 OCT 1 1970
1 - Bureau (RM)
2 - Charlotte

GCK:gs

(1)

12

CE 157-281

b7C
b7D
b7E

The Bureau also authorized for additional distribution throughout North Carolina a copy of a news article [REDACTED] relating to the payment of \$12,500 to ARTHUR HAMES, indicating that this may have been a fraudulent scheme by Klan officers.

[REDACTED] additional mailings of this article have been made to various Exalted Cyclops and Units in the UKA, and informants have indicated that this has caused additional ill feeling particularly in regard to money matters among UKA Klansmen.

It is felt advisable to stress the continual demand for money in UKA in North Carolina, and Charlotte will continue to make recommendations in this regard as opportunities arise. It is felt that the additional mailings set out above have been productive from the standpoint of again irritating the membership on a point where many of them are already dissatisfied. Upon receipt of additional information from IRS in regard to the other matter, Charlotte will make further recommendations in that time.

By separate communication, Charlotte has requested the Bureau's consideration and approval in furnishing information to friendly press contact regarding the "500 Club." The operation of this was set out in Charlotte's letter to the Bureau, 9/30/70, and it is felt that publicity from such an article in the manner set out in the communication will have a tendency to reduce the effectiveness of [REDACTED] endeavors in this regard.

b7C
b7D
b7E

Charlotte will take no further counterintelligence action without Bureau approval and will make additional recommendations as opportunities arise.

F B I

Date: 9-30-70

Transmit the following in _____
(Type in plaintext or code)Via Airtel _____
(Priority)

To: Director, FBI (157-9-8)

From: SAC, Charlotte (157-281) (P)

Subject: COUNTERINTELLIGENCE PROGRAM
IS - DISRUPTION OF HATE GROUPS
(UNITED KLANNS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

Re CE let to Bureau 6-30-70.

The Bureau is requested to consider the following counterintelligence recommendations of the Charlotte Division:

500 CLUB

b7c

During the National Klavocation at Salisbury, North Carolina, in June 1970, North Carolina [REDACTED] and Imperial Wizard SHELTON elaborated to some of the members concerning a "500 Club".

This Club was to provide the membership with protection during periods of racial violence. As explained to some of the members at a meeting following the formal Klavocation, merchants would be asked to join the "500 Club" by making payments to the UKA. It was believed the payments were at \$500 per year, and the merchant would receive a membership card and the UKA's offer of protection for his business during a period of racial strife in the merchant's community.

Recently in Charlotte, North Carolina, the residence of a Negro family who had moved into a predominately white neighborhood was shot into and thereafter several self-appointed protectors went to the residence to stand guard.

② - Bureau (RM)
2 - Charlotte

W5

EX-111

DE-28

REC-58

157-9-8-169

OCT 5 1970

GCK:klo
(4)

Approved: _____

Sent: _____

Special Agent in Charge

Per

SEC. 14

14

CE 157-281

The incident in Charlotte received publicity through the local press, and [REDACTED]

[REDACTED] who is a friendly press contact of the Charlotte Office, contemplates writing a feature article concerning protection by non-police and by hired guards.

[REDACTED] has received some information concerning the "500 Club" from his sources and desires to supplement it with information available in other areas of the state to show whether or not this is becoming a state-wide problem.

b7c
b7d
[REDACTED] has previously been furnished information concerning the Klan and has written numerous articles from information which has been furnished to him following Charlotte receiving Bureau approval.

Charlotte believes that additional information concerning the "500 Club" should be furnished to [REDACTED] for inclusion in his article as it is felt that his raising the issue in the article concerning legal liabilities and the possible criminal liabilities which might attach to self-appointed protectors will have a deterrent effect on [REDACTED] expansion of the "500 Club".

If the Bureau approves the furnishing of such information, it will be furnished to [REDACTED] and, as in the past, the articles will be written so as to provide complete security of the Bureau's position.

No further counterintelligence action will be taken without the Bureau's approval.

10/7/70

Airtel

To: SAC, Charlotte (157-281)

1 - Mr. J. V. Walsh
1 - Mr. J. G. Deegan

From: Director, FBI (157-9-8)-169

REC-52

COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANNS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION
RACIAL MATTERS

Reurairtel dated 9/30/70.

It is not clear in reairtel what connection the "500 Club" has with the incident in relet concerning the shooting into the residence of a Negro family who moved into a predominantly white neighborhood.

In addition, prior to advising concerning your recommendation made in reairtel you must specifically set out additional information you wish to furnish [REDACTED]

b7C
b7D
Upon receipt of the above, you will be advised concerning your recommendation.

JGD:rmm (5)

MAILED 3

157-9-8-169

NOTE:

Charlotte recommended that [REDACTED] be

furnished information concerning the "500 Club." This is a Klan group formed by Imperial Wizard Robert M. Shelton to provide the membership with protection during period of racial violence. It is believed payments are at \$500 per year and

NOTE CONTINUED PAGE TWO

5 OCT 14 1970

MAIL RECEIVED BY TELETYPE UNIT

16

Airtel to SAC, Charlotte
RE: COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
157-9-8)

NOTE CONTINUED:

any merchant that paid the \$500 receives a membership card and the UKA's offer of protection for his business during the period of racial strife.

F B I

Date: 10/9/70

Transmit the following in _____
(Type in plaintext or code)Via AIRTEL _____
(Priority)TO: DIRECTOR, FBI (157-9-8)
FROM: Mr SAC, CHARLOTTE (157-281)COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
UNITED KLANNS OF AMERICA, INC., USA
(KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION
RACIAL MATTERSRe Charlotte airtel to Bureau 9/30/70 and Bureau airtel
to Charlotte 10/7/70.

Referenced Bureau airtel requested information as to possible connection between the "500 Club" and the incident in referenced Charlotte airtel regarding the shooting into a residence of a Negro family who had moved into a predominantly white neighborhood.

There is no connection between the "500 Club" and the incident involving the shooting into the Negro residence. The article which is under consideration by [REDACTED] is to point up possible legal ramifications coming from situations in which "volunteer guards" are used in any given situation. [REDACTED] wishes to point out in his article that following the shooting into the Negro residence, approximately twelve to fifteen individuals appeared at the Negro residence armed with rifles and shotguns to "protect" the Negro family from any further attacks on their residence. These "guards" were not specifically requested by the Negro family, but once they appeared on the scene they remained for several days with the acquiescence of the Negro family. This situation created considerable tension in the neighborhood and [REDACTED] in his article, hopes to show that "amateur guards" can lead to more serious complications than if

2-Bureau
2-Charlotte

DE-28

GCK:jcb
(4)

REC 12/57-9-8-170

W-5

EX-137

OCT 12 1970

ATT. SECT.

Approved: _____ Sent: _____

Special Agent in Charge

18

F B I

Date:

Transmit the following in _____
(Type in plaintext or code)Via _____
(Priority)

CE 157-281

the situation were allowed to be handled by legitimate law enforcement agencies.

In using the above incident, he will then use a parallel situation, this being the "500 Club", of which [REDACTED] is attempting to develop.

"500 Club" also provides for what [REDACTED] calls "amateur guards" who would take over the protection of various businesses where the owner of the business had joined the "500 Club". The "protection" would come in times of racial disturbances or riots and would involve Klansmen being called to the place of business to protect it from destruction.

In his article, [REDACTED] wants to point out these two instances of "amateur guards" taking over what should be handled by legitimate local law enforcement officers.

The information which Charlotte desires to furnish [REDACTED] is the identity of several known Klansmen whom [REDACTED] has used as "salesmen" in making contacts with various merchants seeking out their membership in the "500 Club". With this information, [REDACTED] should be able to develop the identities of some of the merchants who are members of the "500 Club" to obtain additional background for his article. As indicated previously, [REDACTED] already has some information concerning this operation by [REDACTED] but is in need of the identities of specific individuals whom he can contact for more detailed information. It is felt that the identities of these individuals can be given to [REDACTED] without endangering informants and [REDACTED] has handled previous information furnished in a most circumspect and discreet manner.

The Bureau is requested to consider furnishing [REDACTED] this information and upon receipt of Bureau approval, Charlotte will do so.

Charlotte will take no further counterintelligence action without prior Bureau approval.

2

Approved: _____ Sent: _____ M Per: _____

Special Agent in Charge

19

ROUTE IN ENVELOPE

10-15-70

Airtel

1 - Mr. J. V. Walsh
1 - Mr. J. G. Deegan

To: SACs, Charlotte (157-281)
Birmingham

REC 12

From: Director, FBI (157-9-8) - 170

EX-11

COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANNS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION
RACIAL MATTERS

ReCEairtel dated 10-9-70.

b7c
b7d
Authority is granted for the Charlotte Division to furnish to [REDACTED] the identities of several known klansmen whom [REDACTED] has used as "salesmen" in making contacts with various merchants seeking their membership in the "500 Club."

Prior to furnishing this information to [REDACTED] you should insure that he clearly understands the FBI is not to be identified in any way with furnishing this lead information to him.

157-9-8-170

Keep Bureau advised of all pertinent developments.

For the information of Birmingham Division, the Charlotte Division recommended that the above information be

JGD:bad (7)

324

MAILED 4
Oct 15 1970
COMM-FBI

SEE NOTE PAGE TWO

5 OCT 20 1970

TELETYPE UNIT

20

Airtel to SAC, Charlotte
RE: COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANNS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

157-9-8

furnished to [REDACTED] who intends to publish an article concerning the "500 Club." He intends to point out that "amateur guards" can lead to more serious complications than if the situation was allowed to be handled by legitimate law enforcement agencies.

NOTE:

b1c
b2d

The "500 Club" is a Klan operation wherein merchants are solicited to pay \$500 which will guarantee them "volunteer guards" for their business in any given situation especially in case of racial violence. Charlotte advised that [REDACTED] can be furnished the information set out above without endangering informants and that [REDACTED] has handled previous information furnished him in a most circumspect and discreet manner. Bureau files contain no derogatory information concerning [REDACTED]

F B I

Date: 10/27/70

Transmit the following in _____
 (Type in plaintext or code)
 Via AIRTEL _____
 (Priority)

TO: DIRECTOR, FBI (157-9-8)
 FROM: SAC, CHARLOTTE (157-281) (P)
 SUBJECT: COUNTERINTELLIGENCE PROGRAM
 DISRUPTION OF HATE GROUPS
 UNITED KLAN OF AMERICA, INC., USA
 KNIGHTS OF THE KU KLUX KLAN
 NATIONAL KLOVOCATION
 11/26-29/70,
 TUSCALOOSA, ALABAMA
 RM - KLAN

Re Birmingham airtel to Bureau dated 8/13/70.

Referenced Birmingham communication solicited counterintelligence suggestions from recipient offices for use during the National Klonvocation of UKL to be held in Tuscaloosa, Alabama, 11/26-29/70.

The Charlotte Division makes the following counterintelligence suggestions for consideration by the Birmingham Division for possible use during the National Klonvocation:

1. During the National Klonvocation of the UKA held in Salisbury, N. C., on 6/27-28/70, a financial report for the fiscal year 1968-1969 was furnished to those in attendance. The National Office reported a total income of over some \$100,000 but there was no detailed or itemization of the expenses covering the expenditures of this \$100,000.

Charlotte informants in attendance at this Klonvocation stated there were some remarks reflecting dissatisfaction among some of the members that the National Office had not given a more itemized or detailed accounting of where this \$100,000 had been spent.

② - Bureau (RM)
 2 - Birmingham (157-835) (RM)
 2 - Charlotte
 GCK:cbw
 (6)

DE-28
 REC-51 157-9-8-171

10 OCT 29 1970

66 NOV 9 1970

Special Agent in Charge

Sent _____ M Per _____

22

F B I

Date:

Transmit the following in _____
(Type in plaintext or code)Via _____
(Priority)

CE 157-281

It may be that informants attending the klonvocation at Tuscaloosa in November, 1970, could cause some additional dissatisfaction and possibly delays or disruption of the activities by demanding a more detailed accounting of expenditures for the fiscal year 1969-1970.

2. It has also been reported that during the klonvocation in Salisbury, N. C., [REDACTED] nominated [REDACTED] a "hand-picked" candidate for [REDACTED] of Virginia. Following [REDACTED] nomination of [REDACTED] a klansman [REDACTED] nominated [REDACTED] for the same position. Following this nomination, it is reported that [REDACTED] flew into a rage and told the klansmen who had nominated [REDACTED] that he did not have any business nominating a second party for this position. This incident furnished some members attending the klonvocation in Salisbury with an ample demonstration of [REDACTED] dictatorial operation concerning the Klan.

It is felt that some consideration could be given to instructing informants attending the klonvocation to be alert for this type of situation and to possibly bring up the fact that candidates for the Imperial Board were "hand-picked" at the klonvocation in Salisbury and should be removed from office and a new election held so as to give the membership a freedom of choice in selecting candidates for these positions.

3. At the klonvocation in Salisbury, [REDACTED] had the Saturday evening banquet catered and he charged each person in attendance \$5 for the dinner, however, information was subsequently received that the caterer furnished the meal for approximately \$2.50, which left [REDACTED] with approximately a \$2 profit for each plate which was served.

If a similar situation exists in the klonvocation in Tuscaloosa, informants could be alerted to this situation and make a demand that each member attending the banquet should be assessed only the exact amount which the caterer is going to charge for the meal rather than having an excessive price charged and having the profit go to the Imperial Wizard or Grand Dragon of the organization.

-2-

Approved: _____ Sent: _____ M Per _____
Special Agent in Charge

23

F B I

Date:

Transmit the following in _____
(Type in plaintext or code)Via _____
(Priority)

CE 157-281

4. Coming out of the klonvocation at Salisbury, N. C., was a plan in which [REDACTED] has made some attempt to implement within North Carolina. This concerns the "500 Club" which is basically a protection-type racket in which [REDACTED] attempts to secure from individual merchants a commitment to pay from \$100 per year up to \$500 per year as protection for their businesses during times of riots or racial strife. The plan is to operate in such fashion that when the merchant has his place of business threatened by Negroes or any other faction during a riot, if he is a member of the 500 Club he can call upon the local klansmen to come to his place of business and afford protection.

Should the opportunity arise at the klonvocation of UKA at Tuscaloosa, Birmingham may wish to instruct informants attending the klonvocation to bring up pertinent questions concerning what the klan's liability might be to a family whose husband or father went off on a protective assignment to one of the merchants' establishment during a time of race rioting and was subsequently killed. This could be expanded into the possibility of the klan providing paid-up insurance policies for all members of the klan who are expected to be assigned to take part in these protective activities; it could be approached from the legal liability of the klan to provide for the welfare of the wife and children of klansmen who might be killed affording such protection; and the possible legal liability of the Imperial Wizard personally and the state Grand Dragons personally in these situations could be discussed with a view to pointing up the serious liabilities involved and perhaps an indication that the 500 Club operation should be discontinued throughout the klan organization.

5. Some consideration could also be given to the fact that SHELTON and the National Office in extending invitations to klansmen to participate in the Second Degree of Klancraft for which candidates to the second degree are to be charged \$25 initiation fees, stand to amass a small personal fortune from these payments. This could be utilized as another example of where "patriotism has a price" which has been used to varying degrees of success throughout North Carolina by continually

F B I

Date:

Transmit the following in _____
(Type in plaintext or code)Via _____
(Priority)

CE 157-281

prodding individual klansmen with this phrase, pointing out that the klan hierarchy is placing the dollar sign on patriotism in all aspects of Klancraft. Demands could be made for an accounting as to what the \$25 from each member going into the Second Degree of Klancraft could be used for and possibly even question the necessity for any initiation fee whatsoever in these proceedings.

The above suggestions are furnished to the Bureau and Birmingham for whatever possible use Birmingham may be able to make of them in connection with the klonvocation to be held in Tuscaloosa.

No counterintelligence action should be taken without prior Bureau approval and Birmingham is requested to advise Charlotte should any of these suggestions be implemented so that informants of the Charlotte Division who may attend the klonvocation can be properly instructed in accordance with Birmingham's desires.

F B I

Date: 11/17/70

Transmit the following in _____
(Type in plaintext or code)Via AIRTEL _____
(Priority)

TO: DIRECTOR, FBI (157-9-8)

FROM: SAC, CHARLOTTE (157-281) (P)

SUBJECT: COINTELPRO - KLAN
RACIAL MATTERS

Re Charlotte airtel to Bureau dated 10/27/70, Birmingham airtel to Bureau dated 11/4/70, and Bureau airtel to Birmingham and Charlotte dated 11/12/70.

Referenced airtel dated 10/27/70, set forth recommendations for possible counterintelligence action by the Birmingham Division during the National Klavernation scheduled for 11/26-29/70, at Tuscaloosa, Alabama.

Referenced Bureau airtel of 11/12/70, withheld authority for implementing the recommendations on the basis that our informants could possibly be identified as informants if large scale use were made of them in connection with the suggestions made.

Bureau requested that Charlotte and Birmingham submit suggestions to bring out the same points without the use of Racial Informants.

It is not known whether there is ample time remaining prior to the Klavernation for Birmingham to institute widespread dissemination of the information set forth in Charlotte recommendations.

Q - Bureau (RM)
2 - Birmingham (RM)
2 - Charlotte

GCK:mpb
(6)

REG. 157-9-8-172

EX-113

23 Nov 21 1970

RICK

Approved: 57 DFER 2107 Sent _____ M Per _____
FBI - Charlotte, North Carolina

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F B I

Date:

Transmit the following in _____
(Type in plaintext or code)Via _____
(Priority)

CE 157-281

It may be that the salient points in the recommendations might possibly be prepared in a leaflet form and distributed anonymously to the members attending the Klonvokation -- possibly subsequent mailing of such leaflets to other selected officers and members following the Klonvokation.

Charlotte will remain alert for the opportunities to utilize the recommended action and make appropriate recommendations to the Bureau when these opportunities arise.

No counterintelligence action will be taken without prior Bureau approval.

2

Approved: _____ Sent: _____ M Per: _____
Special Agent in Charge

27

UNITED STATES GOVERNMENT

Memorandum

TO : DIRECTOR, FBI (157-9-8)

DATE: 12/29/70

FROM : *M* SAC, CHARLOTTE (157-281) (P)

SUBJECT: COUNTERINTELLIGENCE PROGRAM
IS - DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN)
CHARLOTTE DIVISION

Re Charlotte letters to Bureau dated 10/5/70,
10/9/70, 10/27/70.

QUARTERLY PROGRESS LETTER

Set forth below is current information concerning the counterintelligence program being directed towards the captioned organization:

Charlotte's Quarterly Progress Letter of 10/5/70 set forth information concerning the furnishing to local IRS office with information concerning the raffle in which the automobile of Imperial Wizard SHELTON was won by [REDACTED]

b7c
The Bureau granted authority for furnishing the information which was previously set forth to IRS and this was done by furnishing detailed information to [REDACTED] IRS, Charlotte, N. C.

[REDACTED] has previously indicated that his office would request the pertinent tax returns of [REDACTED] and ascertain whether [REDACTED] reflected his winning the automobile on his tax return. To date, [REDACTED] has not been able to conduct the necessary analysis and has run into some delays in obtaining [REDACTED] return from Chamblee, Ga. Charlotte is following this matter with [REDACTED] and will make appropriate recommendations for further counterintelligence action in regard to this recommendation after [REDACTED] has conducted the analysis to determine whether [REDACTED] recorded the automobile as a prize or outright purchase.

2-Bureau (RM)

2-Charlotte

GCK: gj 1074

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DE-28

REC 157-9-8-193

EX-113

6-12-69

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CE 157-281

Charlotte has previously received authorization for additional distribution throughout North Carolina of a news article [REDACTED] relating to the payment to ARTHUR HAYNES of \$12,500 in attorney's fees and in which he indicated that he believed that this was a fraudulent scheme by klan officers to secure additional funds.

[REDACTED]
[REDACTED] have indicated that the leaflets are the subject of conversation at klavern meetings and continues to create some ill will among the membership when these leaflets are read in open meetings.

b7C
b7D
Charlotte has previously received Bureau authorization to furnish information to [REDACTED] which

[REDACTED] has been attempting to put into operation. [REDACTED] has been furnished information which has been authorized by the Bureau and will prepare an article utilizing this information along with other information which he has developed through independent interviews, which he has conducted. [REDACTED] has been most circumspect in his use of information as furnished in the past and it is felt he will continue to utilize such information to the complete protection of the Bureau as the source.

[REDACTED] has not as yet prepared the article due to having been given other assignments by the editor, which have of necessity required a great deal of his time. He has indicated he still intends to do such an article and will not come until probably shortly after the first of the year.

Charlotte will, by separate communication, make appropriate recommendations for counterintelligence action as the opportunities arise and will take no counterintelligence action without prior Bureau approval.

UNITED STATES GOVERNMENT

Memorandum

TO : *[Signature]*

FROM : *[Signature]*

SUBJECT: *[Signature]*

DIRECTOR, FBI (157-9-8)

DATE: 2/26/71

SAC, CHARLOTTE (157-281)

COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
(UNITED KLANS OF AMERICA, INC.,
KNIGHTS OF THE KU KLUX KLAN,
CHARLOTTE DIVISION)
RACIAL MATTERS

Re Bulet to Charlotte, 8/12/70 and Charlotte letter
to Bureau, 10/5/70.

Referenced Bureau letter granted authority for
Charlotte to advise IRS locally concerning information
regarding the klan raffle which resulted in [REDACTED]
winning SHELTON's automobile.

The Bureau has previously been advised concerning
contacts with [REDACTED] IRS,
Charlotte, North Carolina.

On 2/4/71, [REDACTED] advised that he had now received
a report from the field auditor concerning this matter.
This investigation was delayed somewhat due to difficulty
in securing [REDACTED] records from IRS, Atlanta.

b7c1

2 - Bureau (RM)
2 - Charlotte

DE-28

GCK:sjw
(4)

REC-52 157-9-8-174

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1971

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

30

CE 157-281

In view of the results of the IRS check it does not appear that this has any further counterintelligence value and Charlotte is considering this phase closed.

Charlotte will remain alert for any other counterintelligence opportunities that arise and make appropriate recommendations.

UNITED STATES GOVERNMENT

Memorandum

TO : *[Signature]*
FROM :

DIRECTOR, FBI (157-9-8)

DATE: 4/1/71

SAC, CHARLOTTE (157-281)

SUBJECT: COUNTERINTELLIGENCE PROGRAM
DISRUPTION OF HATE GROUPS
UNITED KLANS OF AMERICA, INC., USA
KNIGHTS OF THE KU KLUX KLAN,
CHARLOTTE DIVISION
RACIAL MATTERS

Re CElet to Bureau, 12/29/70.

QUARTERLY PROGRESS LETTER

Set forth below is current information concerning the counterintelligence program being directed towards the captioned organization:

Referenced Charlotte letter set forth information concerning the furnishing of local IRS office with information concerning the raffle in which the automobile of Imperial Wizard SHELTON was won by [REDACTED] Carolina. The Bureau subsequently authorized Charlotte to furnish pertinent information to IRS at Charlotte and this was done.

b7c
[REDACTED] of IRS, requested a field audit of [REDACTED] return to ascertain whether he had entered in his books the automobile as a cost item.

(2) - Bureau (RM)
2 - Charlotte

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DE-28 REC 17

157-9-8-175

7 APR 6 1971

GCK:sjw
(4)

1cc detached by
Klan Unit

70 APR 13 1971

Box U.S. Number 1, Postal Register, at the Postal Service, P.O. Box

32

CE 157-281

Charlotte has previously received Bureau authority to furnish [REDACTED] with the identities of several known klansmen whom [REDACTED] has used as "salesmen" in making contacts with various merchants seeking their membership in the "500 Club".

b7c
b7d

This information has been furnished to [REDACTED] however, he has not had adequate time to carry through with the necessary interviews and investigation on which to base an article. [REDACTED] is used as a "project writer" and does other free lance work and has been unable to secure time from his editor to carry through with this project. The Bureau will be advised of any developments accruing from such an article if [REDACTED] is able to prepare such an article.

Charlotte will remain alert for any other counter-intelligence opportunities that arise and make appropriate recommendations to the Bureau but will take no counterintelligence action without prior Bureau approval.